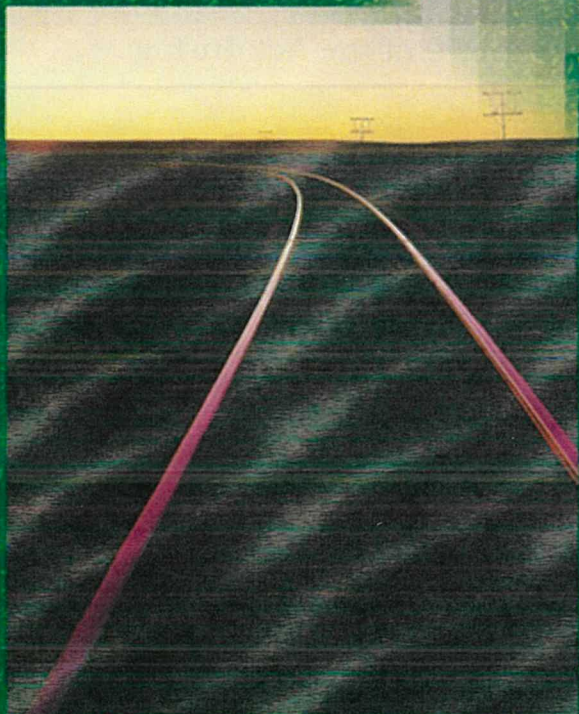


AustralAsia Railway Corporation

Annual Report

Annual Report



FOR
PERIOD
ENDING
30 JUNE

98

AUSTRALASIA
RAILWAY CORPORATION



Ref: L98827

The Hon. Barry Coulter MLA
Minister for the AustralAsia Railway
GPO Box 3146
DARWIN NT 0800

Dear Minister

RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT

I have pleasure in presenting this Annual Report of the AustralAsia Railway Corporation for the period ending 30 June 1998, in accordance with the provisions of Section 32 (2) of the AustralAsia Railway Corporation Act, 1996.

There is no additional information attached to the report that is required to be presented under Section 32 (1) of the Act, as there were no directions, objections, confirmations or reasons given under Section 19 of the Act during the period to which the report relates.

Yours faithfully

A handwritten signature in black ink, appearing to read "R. H. Allert", is written over a horizontal line.

RICHARD H ALLERT AM
Chairman

4 December 1998

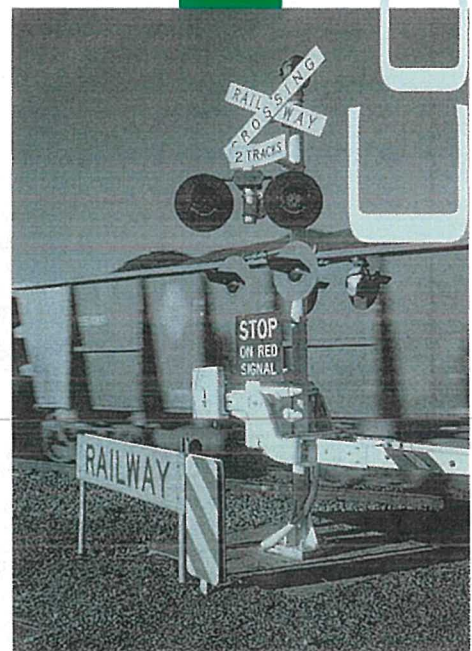
GPO Box 2520
Darwin
Northern Territory 0801
AUSTRALIA

Telephone +61 8 8924 7155
Facsimile +61 8 8924 7078
Email rail@nt.gov.au

Contents

• Legislation	3
• AustralAsia Railway Corporation Board	4
• Chairman's Report	5
• The AustralAsia Railway Project	7
• Chief Executive Officer's Review	9
• Organisational Structure	12
• Board Members Report	13
• Board Members Statement	17
• Financial Statements	18
• Auditors Report	25

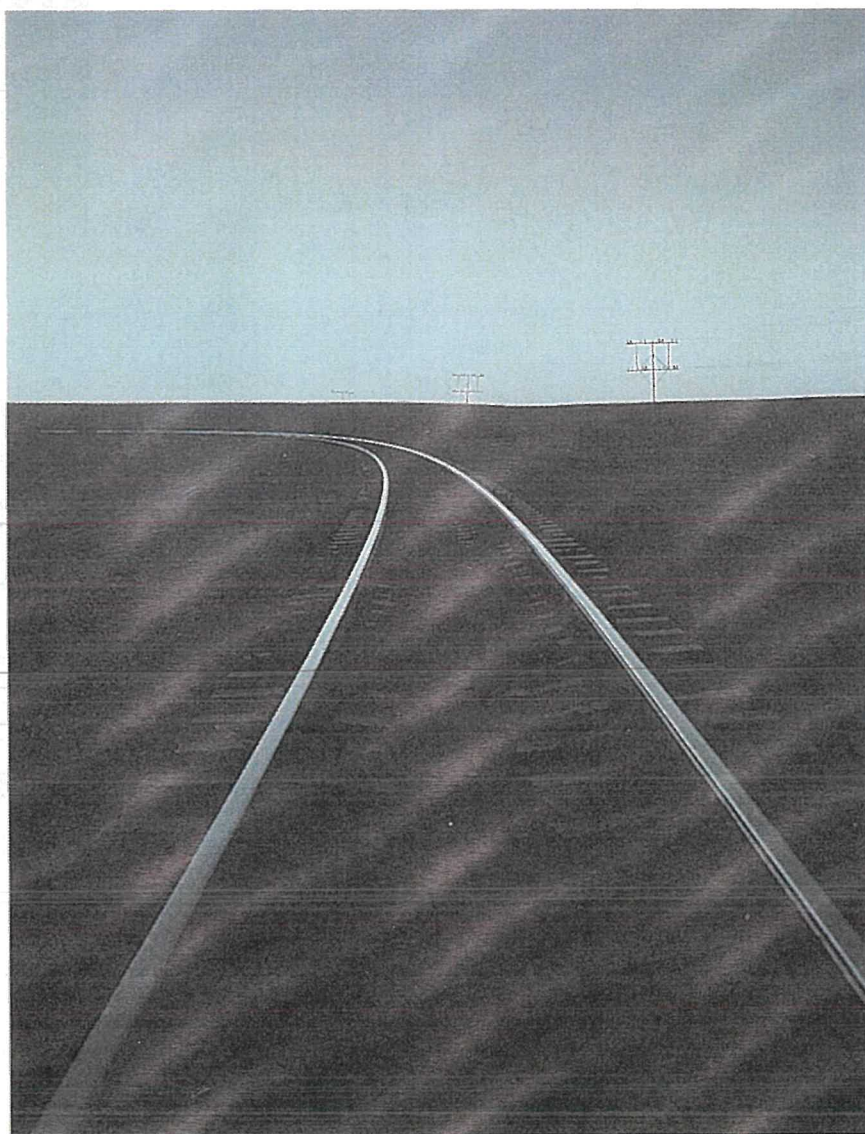
Contents



Legislation

The Corporation was established by the AustralAsia Railway Corporation Act 1996 (NT) which was assented to on 7 January 1997, and commenced on 25 August 1997. The legislation was supported by the complementary enactment of the Alice Springs - Darwin Railway Act 1997 (SA) by South Australia.

The AustralAsia Railway Corporation Act was amended by the AustralAsia Railway Amendment Act 1998 which was assented to on 30 March 1998.



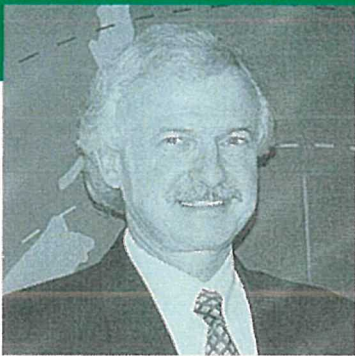
AustralAsia Railway Corporation Board



Chairman: **MR RICHARD H ALLERT AM**
Appointed 4 September 1997

Rick Allert is Chairman of Southcorp Limited, Ayers Rock Management Pty Ltd Advisory Board, the National Wine Centre, and Deputy Chairman of National Mutual Holdings Limited.

He is a Director of Coles Myer Ltd, FH Faulding & Co Limited and other companies.



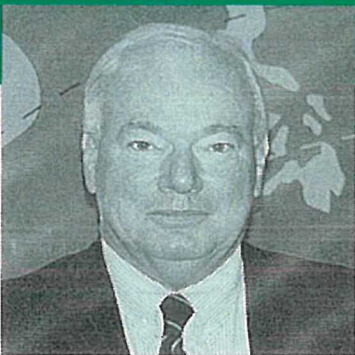
Member and CEO: **MR PAUL TYRRELL**
Appointed 4 September 1997

Paul Tyrrell is Secretary of the Northern Territory Department of Transport & Works and Chief Executive Officer of the Darwin Port Authority. He is also Chairman of the Northern Territory Government's Railway Executive Group.



Member: **MR GERARD BRADLEY**
Appointed 4 September 1997

Gerard Bradley is the South Australian Under-Treasurer. He has more than 20 years experience as a public sector administrator and previously held the Under-Treasurer post in Queensland.



Member: **MR JOHN CROSBY**
Appointed 4 December 1997

John Crosby is the Managing Director of Brencorp Properties Pty Ltd, a Director of various subsidiary boards of the Fosters Brewing Group (Lensworth Finance Group) and a Director of SA Water Corporation. He is a former Director of the South Australian Urban Planning Authority and past Chairman of the Australian Finance Conference (SA Division).

Chairman's Report

I am pleased to present the inaugural annual report of the AustralAsia Railway Corporation.



The Corporation was jointly established by the Northern Territory and South Australian Governments to facilitate the completion of the Adelaide to Darwin rail link. The fulfilment of this national project is a high priority for both Governments and the Corporation has made substantial progress in making this vision a reality.

On 23 August 1997 the Prime Minister announced that the Federal Government would contribute \$100 million by way of a financial contribution from the Federation Fund to the project. This matches the \$100 million commitment made by each of the Northern Territory and South Australian Governments thus providing a total of \$300 million in financial contributions to the project. In addition the Federal Government has committed to providing the existing Tarcoola-Alice Springs railway line at nominal rental to the successful consortium and the Northern Territory Government has committed the completion of the estimated \$100 million Stage 2 of the new East Arm Port to coincide with the commissioning of the railway.

This has been an exciting year for the Corporation as the rail project has been taken into the commercial marketplace.

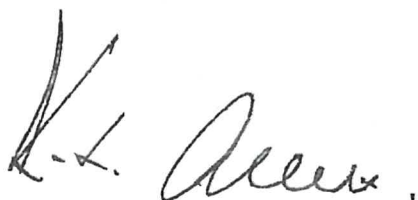
Following the commencement of operations in September 1997, the Corporation undertook an extensive international and national marketing campaign to attract significant private sector interest and investment in the rail project. The campaign involved direct discussions with prominent rail, shipping and engineering/construction firms and investment and banking institutions located in Australia, Asia, the United States and Europe.

Marketed as a build, own, operate and transfer back (BOOT) project, the Corporation was pleased by the response to its marketing campaign with 32 Expressions of Interests, involving some 60 international and national private sector firms, being received by the due date of 1 December 1997.

The two Governments subsequently approved the Corporation's recommendation that three shortlisted consortia be invited to develop detailed submissions. At a joint press conference on 8 April 1998 the Chief Minister of the Northern Territory and the Premier of South Australia announced that the three shortlisted consortia were:

- * The Asia Pacific Transport Consortium
- * The Southern Cross Consortium
- * The Northlink Rail Consortium

From the Corporation's perspective, the project is now firmly in the hands of the marketplace and we are looking forward to the receipt of detailed and competitive submissions from the three shortlisted consortia.



RICHARD H ALLERT AM
Chairman



Announcement of the shortlisted consortia: Hon Barry Coulter MLA, Minister for the AustralAsia Railway Corporation with Hon John Olsen, FNIA MP, Premier of South Australia and Hon Shane L. Stone MLA QC, Chief Minister of the Northern Territory.

The AustralAsia Railway Project

The AustralAsia Railway will operate between Tarcoola, northwest of Adelaide in South Australia, through Alice Springs in Central Australia to Darwin in the Northern Territory, connecting to the new deepwater Port of Darwin.

It not only completes Australia's national rail network - linking the fast-growing northern Australia with the nation's economic centre - it also completes the AustralAsia Trade Route, a seamless freight corridor between mainland Australia and the Asia Pacific region.

The Governments of the Northern Territory and South Australia have invited three private sector consortia to make detailed submissions to complete the construction of the AustralAsia Railway as a build, own, operate and transfer back (BOOT) project.

Almost half the railway - from Tarcoola to Alice Springs - is already built. The standard gauge line between Alice Springs and Darwin, a distance of 1410km, remains to be completed at an estimated cost of over \$1 billion.

The AustralAsia Railway is a major transport infrastructure project, among the largest to be built in Australia for many years. Taking about four years to construct, the project will require:

- 155,000 tonnes of steel rail
- 3,500 tonnes of structural steel
- 15,000 metres of concrete culvert pipe
- 9.2 million spring steel fasteners
- 100,000 cubic metres of pre-stressed concrete
- 2.2 million cubic metres of ballast
- 17 million cubic metres of earthworks
- 2.3 million sleepers

About 2000 people will be employed during the construction phase, with a further 200 or more employed to work on the completed railway.

The railway is also a boost for the environment, with the shift in transport from road to rail saving an estimated annual average 40 million litres of fuel and reducing carbon dioxide emissions by 100,000 tonnes annually over the first 50 years of operation.

The new railway line will be built between the present railhead at Alice Springs and the new Port of Darwin.

Stage One of the Port project, constructed at a cost of \$91 million, includes 490 metres of land-backed wharf and 29 hectares of hard stand to cater for live cattle trade, rig tenders, bulk imports and general cargo.

Completion of Stage Two, costing a further \$100 million, will coincide with the commissioning of the railway and comprise an additional 200 metres of wharf and an additional 10 hectares of hard stand for intermodal rail-sea operations.



The Grand Honest at berth, February 5, at the new East Arm Port.

Chief Executive Officer's Review

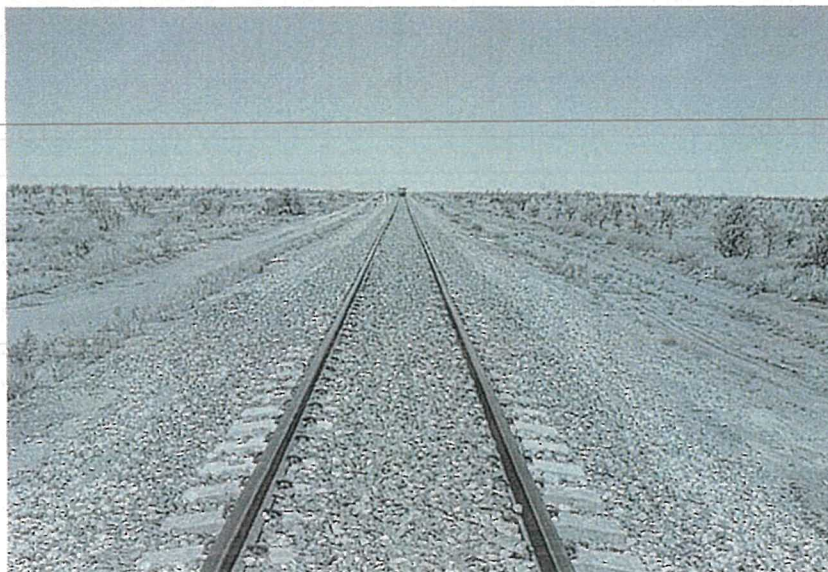
The public announcement on 8 April 1998 by the Chief Minister of the Northern Territory and the Premier of South Australia that three shortlisted consortia had agreed to prepare detail submissions signalled the rail project's acceptance by the private sector as a serious commercial opportunity.

It also marked the end of the 'Expression of Interest' phase of the project that involved an extensive marketing campaign and detailed evaluation process by the Corporation.

Much of the preconstruction work for the project has already been achieved. The route survey, including environmental, sacred sites, and archeological and heritage clearances, has been completed. The Tarcoola to Alice Springs section is complete and will be leased to the successful consortium at a nominal rental.

An extensive national and international marketing of the project resulted in the Corporation receiving 32 Expressions of Interests, involving some 60 international and national private sector firms, to undertake the project.

During the period December 1997 to April 1998 the Corporation undertook an extensive evaluation process which was fully monitored by the Corporation's probity adviser, and included advice from the Corporation's financial, legal and technical advisers. Subsequently, the Corporation recommended to the two Governments that a shortlist of three consortia be invited to submit detailed submissions. This recommendation was subsequently endorsed by the two Governments and a public announcement regarding the three shortlisted consortia was made on 8 April 1998.



The composition of the three consortia is as follows:

- **The Asia Pacific Transport Consortium**

Key participants: Brown & Root Engineering and Construction Pty Ltd incorporating Kinhill Pty Ltd, Hutchison Port Holdings and Genesee & Wyoming

Key advisers include: Bankers Trust Australia Limited

- **The Southern Cross Consortium**

Key participants: Henry Walker Group Limited, a major Bruneian finance institution and Australian Transport Network, which comprises Wisconsin Central Transportation Corporation, Tranz Rail Holdings, Fay Richwhite & Company Limited and Berkshire Partners.

Key advisers include: Macquarie Bank Limited and the Hong Kong Bank of Australia Limited in association with HSBC Securities Inc.

- **The Northlink Rail Consortium**

Key participants: Thiess Contractors Pty Limited and the Commonwealth Bank of Australia

Key advisers include: BHP Engineering

Formal commencement of Stage 2 of the process to appoint a successful consortium (ie the detailed submission phase) was delayed until the land corridor for the project had been secured by the two Governments. In particular, as at 30 June 1998, the Northern Territory Government had yet to secure the land corridor for the construction of the new line from Alice Springs to Darwin.

However, since then the Northern Territory Government has advised the Corporation that it has negotiated a settlement with the Northern and Central Land Councils and Stage 2 of the project formally commenced on 1 September 1998. Detailed submissions are due to be lodged by the shortlisted consortia by the end of February 1999.

Finalising the terms and conditions of the \$300 million of government financial contributions along with the terms and conditions for the handover by the Commonwealth Government of the Tarcoola-Alice Springs remains a high priority for the Corporation.

Other key issues being pursued by the Corporation include investigating the nature of the access arrangements which will apply to the completed railway and determining how the railway will be integrated with the new East Arm Port in Darwin.

From an operational perspective, the establishment and running of the Corporation has been a challenging exercise which could not have been achieved without the dedication and efforts of Mr Larry Bannister (Executive Officer) and his staff.

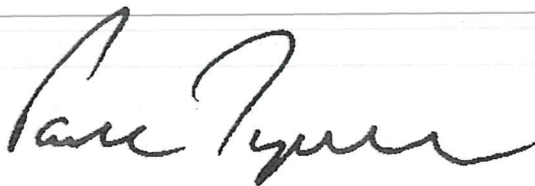
I would also like to acknowledge the efforts of the Corporation's legal, financial, technical and probity advisers for their valuable contribution throughout the year.

Obviously, the Corporation needs to maintain an ongoing and constructive relationship with the two Governments if it is to achieve its aim of facilitating the completion of the Adelaide to Darwin railway.

In that regard, may I also thank those officers of the Northern Territory and South Australian Governments, including members of the Northern Territory Government's Railway Executive Group and the South Australian Government's Rail Task Force, who have provided assistance to the Corporation during the year.

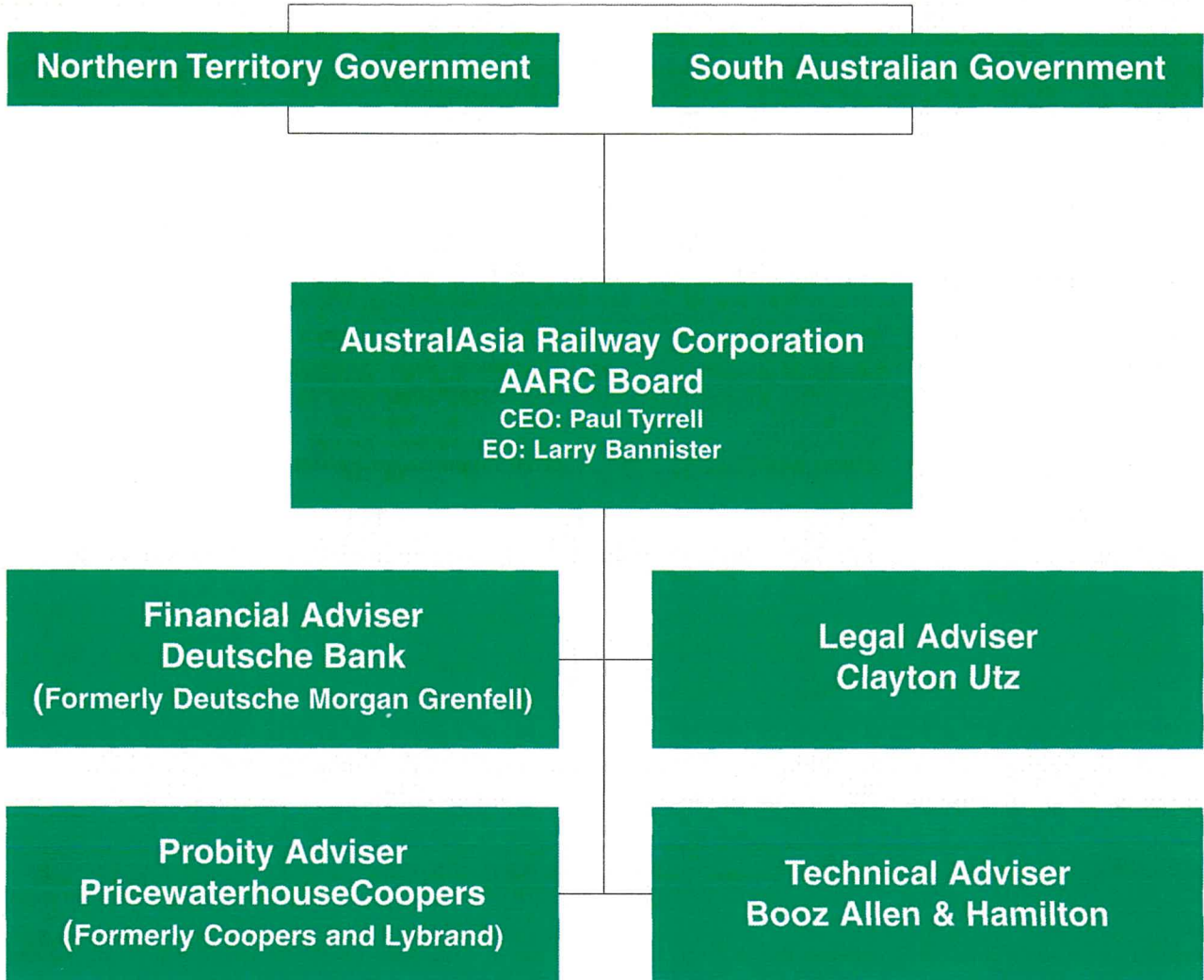
A key aspect of the Corporation's operation has been to preserve the probity and confidentiality of the commercial-in-confidence interactions between the Corporation and parties interested in the rail project. In doing so, the Corporation in conjunction with its probity adviser has adopted strict security and probity systems in relation to the handling of information. The nature and competitiveness of the selection process, as evidenced by the receipt of 32 Expressions of Interest from private sector consortia, requires that this information must remain confidential and the Corporation is therefore limited as to what information it can divulge to the public.

The Corporation's total operating expenses for 1997/98 amounted to \$2.96 million. The major expense incurred by the Corporation during 1997/98 related to its engagement of consultants at a cost of \$2.03 million.



PAUL TYRRELL
Chief Executive Officer

Organisational Structure



Board Members' Report

Your Board members present their report on the accounts for the period ended 30 June 1998.

Members

The following persons held office as members of AUSTRALASIA RAILWAY CORPORATION at the date of the report:

- Richard H Allert AM - Chairman
- Paul Tyrrell - CEO
- Gerard Bradley
- John D. Crosby

Principal Activities

The functions of the Corporation as specified in the AustralAsia Railway Corporation Act 1996 (NT) are to:

- (a) obtain and hold secure title to the corridor
- (b) develop and manage the project brief inviting submissions from consortia to undertake the Project
- (c) advise and assist South Australia and the Northern Territory on the implementation of the Commonwealth's contribution to the Project
- (d) nominate the successful consortium to undertake the Project
- (e) receive and distribute dividends to South Australia and the Northern Territory enabling them to share in any profits in the Project
- (f) provide, by way of lease, sublease, licence, concession or other arrangements, secure rights of access to the corridor to enable the successful consortium to undertake the Project
- (g) co-ordinate and supervise the making of government grants to the successful consortium
- (h) evaluate submissions received on the Project and to make recommendations to South Australia and the Northern Territory in respect of the submissions
- (i) approach government agencies to define the concessions and basis for agreement between South Australia, the Northern Territory and the Commonwealth and the successful consortium
- (j) undertake all necessary environmental and planning processes, including all heritage and Aboriginal conservation clearances, as may be required for the Project to commence
- (k) facilitate rail access principles to the Railway for the successful consortium and to liaise in respect to access regimes for the national rail network
- (l) facilitate the determination of the terms of access to the Port of Darwin

- (m) assist and determine the conditions of access to the Project through service roads and to assist in determining rights for extraction of construction materials and the royalty arrangements involved
- (n) monitor construction and operation of the Project to ensure it complies with minimum requirements, including heritage, Aboriginal and environmental issues
- (o) exercise residual powers that may be detailed in any lease, licence or concession agreement between the Corporation and the successful consortium during the ongoing operation of the Railway, including powers to order emergency access and to supervise reversionary arrangements at the end of the Project
- (p) facilitate opportunities for businesses in South Australia and the Northern Territory to provide goods and services required for the Project
- (q) give effect to the AustralAsia Railway Corporation Act and any agreement between South Australia and the Northern Territory relating to the Project, including winding up and dissolution of the corporation and the distribution of its assets.

Ministerial Directions

No written ministerial directions, under Section 19 of the AustralAsia Railway Corporation Act, were received by the Corporation for the period ending 30 June 1998

Meetings of Members

The numbers of meetings of the Corporation's members (including meetings of committees of members) held during the period ended 30 June 1998, and the numbers of meetings attended by each member were:

Full Meetings of Members

There were 14 meetings for the 1997/98 financial year.

Numbers of meetings attended by:

Member	No. Meetings eligible to attend	No. Meetings Attended
Richard H Allert	14	14
Paul Tyrrell	14	14
Gerard Bradley	14	14
John Crosby	8	8
Nick Paspaley	3	0

Retirement, Election and Continuation in Office of Members

The date of appointment of members:-

Member	Date of Appointment
Richard H Allert	4 September 1997
Paul Tyrrell	4 September 1997
Gerard Bradley	4 September 1997
John Crosby	4 December 1997

Mr N Paspaley was appointed as a member on 4 December 1997. He resigned as a member on 27 February 1998.

Rounding of Amounts to Nearest Dollar

Amounts have been rounded off in the members report and financial statements to the nearest dollar.

Matters subsequent to the End of the Financial Period

At the date of this report there is no matter or circumstance which has arisen since 30 June 1998 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 30 June 1998, of the economic entity constituted by AUSTRALASIA RAILWAY CORPORATION, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 30 June 1998, of that economic entity.

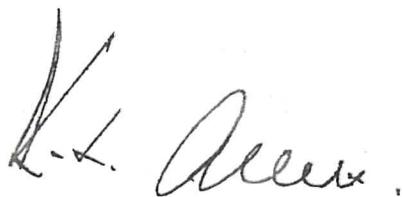
Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the economic entity and the expected results of operations have not been included in this report because the members believe it would be likely to result in unreasonable prejudice to the Corporation.

Auditor

The independent Audit Firm of KPMG was appointed as auditor in accordance with section 27 of the AustralAsia Railway Corporation Act and section 327 of the Corporations Law.

This report is made in accordance with a resolution of the Board members.

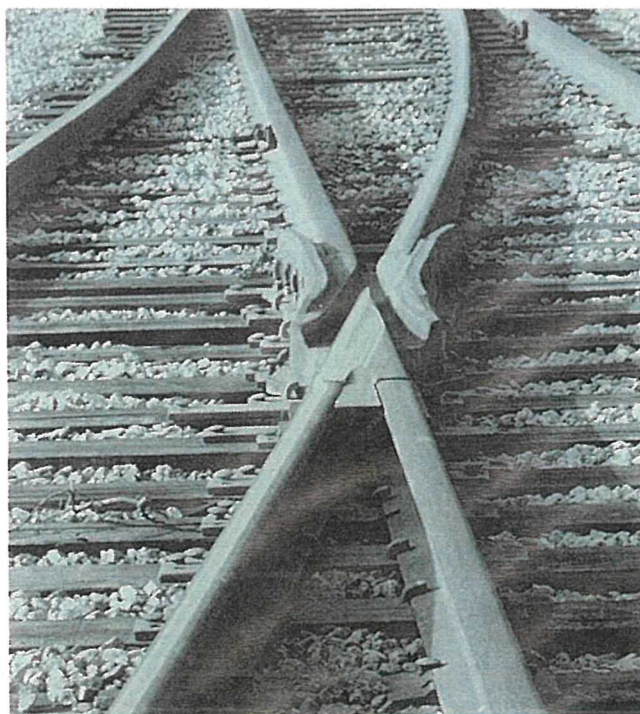


RICHARD H ALLERT AM
Chairman



JOHN D CROSBY
Member

4 December 1998



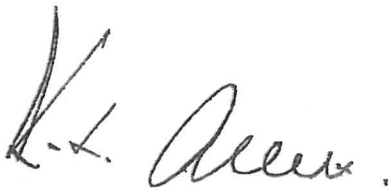
Board Members' Statement

In the opinion of the Board members:

- (a) the financial statements set out on pages 18 to 24 are drawn up in accordance with Divisions 4, 4a and 4b of Part 3.6 of the Corporations Law and so as to give a true and fair view of:
 - (i) the state of affairs as at 30 June 1998 and the profit, for the financial period ended on that date, of the Corporation; and
 - (ii) the other matters with which they deal;
- (b) at the date of this statement there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due; and

The financial statements are drawn up in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

This statement is made in accordance with a resolution of the Board members.



RICHARD H ALLERT AM
Chairman



JOHN D CROSBY
Member

4 December 1998

Financial Statements

BALANCE SHEET As at 30 June 1998

	Note	
CURRENT ASSETS		
Cash at Bank	2	16,703
Receivables	3	404,000
TOTAL CURRENT ASSETS		420,703
TOTAL ASSETS		420,703
CURRENT LIABILITIES		
Creditors	4	154,091
TOTAL CURRENT LIABILITIES		154,091
TOTAL LIABILITIES		154,091
NET ASSETS		266,612
ACCUMULATED FUNDS		
Accumulated surplus/(deficit) at the beginning of the financial year		0
Surplus/(deficit) for the current period, YTD	8	266,612
TOTAL ACCUMULATED FUNDS		266,612

The Balance Sheet should read in conjunction with the notes to and forming part of the financial statements set out on pages 21 to 24

INCOME AND EXPENDITURE STATEMENT

for the Financial Period 24 August 1997 to 30 June 1998

	Note	
Operating Revenue	11	3,227,000
Operating surplus before and after tax	10	266,612
Net profit attributable to members	8	266,612
Retained profits at the beginning of the financial period		0
Retained profits at the end of the financial period		266,612

The Income and Expenditure Statement should read in conjunction with the notes to and forming part of the financial statements set out on pages 21 to 24.

Financial Statements

STATEMENT OF CASH FLOWS For the Financial Period ended 30 June 1998

	Note	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Governments		2,823,000
Payments to suppliers		<u>2,806,297</u>
Net cash from operations		16,703
Net increase (decrease) in cash held		16,703
Cash at beginning of reporting period		<u>0</u>
CASH AT END OF REPORTING PERIOD	10	<u>16,703</u>

The Statement of Cash Flows should be read in conjunction with the notes to and forming part of the financial statements set out on pages 21 to 24.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Financial Period ended 30 June 1998

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of the financial statements, are:

Basis of Accounting:

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the AustralAsia Railway Corporations Act 1996, the Financial Management Act and Treasurers Directions and applicable Accounting Standards. Other mandatory professional reporting requirements, including Urgent Issues Group Consensus Views, have also been complied with.

The AustralAsia Railway Corporation Act 1996 states that the accounting and reporting obligations imposed and standards required by the Corporations Law of or in relation to a public corporation incorporated under the Corporations Law apply to and in relation to the Corporation as if the Corporation were a public corporation so incorporated, and the Territory were the shareholders of the corporation, and the Corporations Law, with the necessary changes, applied to the extent necessary to enforce those standards.

Going Concern Assumption:

The ongoing operation of the Corporation is reliant on the continued funding by the Northern Territory and South Australian Governments.

Cash:

For the purpose of the statement of cash flows, cash includes cash on hand and cash held in AustralAsia Railway Corporation Operating Account.

Financial Assets and Liabilities:

Financial assets and liabilities are measured at cost and recognised when it is probable that the economic benefits embodied in the asset or the future sacrifice of economic benefits required of the liability will eventuate.

Superannuation:

Superannuation Guarantee Levy is paid on Members Fees.

Taxation:

The Income Tax Assessment Act 1936 exempts income received by AustralAsia Railway Corporation from income tax.

Comparatives:

There are no comparative figures for 1996/97. AustralAsia Railway Corporation Act was gazetted on the 25 August 1997. The inaugural meeting of the Board was 4 September 1997.

NOTE 2 CASH

Operating Account

1998
16,703
16,703

NOTE 3 RECEIVABLES

Current

Total Receivables

404,000
404,000

NOTE 4 CREDITORS

Current Creditors

Total Creditors

154,091
154,091

Consisting of:

NT Government Agencies

External Bodies

1,151
152,940
154,091

NOTE 5 AUDITOR'S REMUNERATION

Audit Services:

Auditors of the Corporation

3,750

NOTE 6 MEMBERS' REMUNERATION

The number of members of the Corporation whose income from the Corporation falls within the following bands:

	Number
\$0 - \$9,999	2
\$10,000 - \$19,999	1
\$40,000 - \$49,999	1
Total income paid or payable, or otherwise made available to all members of the Corporation from the Corporation	66,000

NOTE 7 FINANCIAL INSTRUMENTS

Interest rate risk exposures

The Corporation does not have an exposure to interest rate risk as all its financial assets and financial liabilities are non-interest bearing

Net fair value of financial assets and liabilities

Monetary financial assets and financial liabilities not readily traded in a financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers.

The carrying amount of cash operating account, accounts receivable and accounts payable approximate net fair value

NOTE 8 ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	0
Operating surplus (deficit) and extraordinary items after income tax and government contributions	266,612
Accumulated funds at the end of the financial year to be carried forward to meet next year's expenses.	266,612

NOTE 9 SERVICES RECEIVED FREE OF CHARGE

Internal audits and reviews	700
	700

Financial and human resource system support is also provided by the Financial Services Division of NT Treasury at no charge. It is not possible to reliably estimate the value of these services as applicable to the Corporation as they are provided at a whole of Government level and are not segregated by organisation.

In 1998 the Department of Transport and Works provided various services including payroll and personnel services; staff for administration; financial accounting and computing support; property management at no charge.

NOTE 10 STATEMENT OF CASHFLOWS

Reconciliation of operating surplus after tax to net cash flows from operations

Operating surplus/(deficit) after tax	266,612
Changes in Assets and Liabilities	
(Increase) in Debtors	(404,000)
Increase in Creditors	154,091
	<hr/>
Net cash flows from operations	16,703
	<hr/>

NOTE 11 GOVERNMENT CONTRIBUTIONS

NT Government	1,823,000
	<hr/>
SA Government	1,404,000
	<hr/>
Additional AustralAsia Railway Corporation like activities are funded directly by the SA Government. For 1997/98 these activities were valued at \$129,000	129,000
	<hr/>
	1,533,000
	<hr/>
Total	3,356,000
	<hr/> <hr/>



Chartered Accountants

1st Floor
19 Lindsay Street
Darwin NT 0800
Australia

GPO Box 1616
Darwin NT 0801
Australia

Telephone: (08) 8981 8722
Facsimile: (08) 8941 0238

Independent Auditors' Report to the Members of AustralAsia Railway Corporation

Scope

We have audited the financial statements of AustralAsia Railway Corporation for the financial period ended 30 June 1998, consisting of the board members' statement, balance sheet, income and expenditure statement, statement of cash flows and the accompanying notes, set out on pages 17 to 24. The Corporation's members are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Corporation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Corporation's financial position, the results of its operations and its cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of AustralAsia Railway Corporation are properly drawn up:

- (a) so as to give a true and fair view of:
 - i) the state of affairs of the Corporation at 30 June 1998, and the results and cash flows of the Corporation for the financial period ended on that date; and
 - ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law and the AustralAsia Railway Corporation Act; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Date: 4 December 1998

KPMG

KPMG
Chartered Accountants

Devendra N Patel
Partner



Member of
Klynveld Peat Marwick Goerdeler

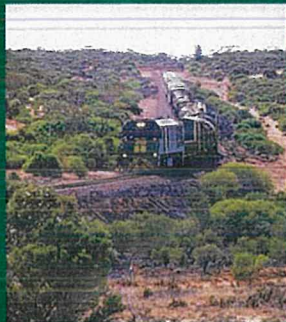
Resident Partners
PR Chilman
RD Chin

PA Dewsbury
GD Finch
DN Patel

MS Wilson

Notes

Notes



AUSTRALASIA
RAILWAY CORPORATION

18 - 20 Cavenagh Street
GPO Box 2520
DARWIN
Northern Territory 0801

Telephone: (08) 8924 7100
Facsimile: (08) 8924 7078